

CHAPTER 5

MATRIX IV - APPROVED ACQUISITION OBJECTIVE AND RETENTION

A. INTRODUCTION

1. Matrix IV provides the traditional identification of assets, as of the stratification date, by the purpose for which held, i.e., approved acquisition objective and authorized retention. This matrix shall be processed at standard and latest acquisition price for retention and transfer actions prescribed by DoD Directive 4140.1 (reference (d)), and for management of assets with no requirements in the period of simulation. The September 30 Table III, processed at the latest acquisition price, shall be used for the annual inventory report, "Supply System Inventory Report (SSIR), under the provisions of DoD 4140.1-R, Chapter 4.

2. The latest acquisition value method as prescribed by the DoD Comptroller shall reduce inventory value by removing surcharges, adjusting unserviceable items to a carcass value by removing the cost to repair, and adjusting inventory to salvage value if it is not expected to survive repair or is stratified as Potential Reutilization/Disposal stock. The requirements are grouped by current on hand, pipeline and future, retention, and potential excess. These groupings permit the display of assets applying to current on-hand requirements in the annual inventory report to Congress and at the same time

provide continuity of reporting by displaying the balance of the AAO and war reserves (the previous AFAO). The current requirements have war reserve, retail, and wholesale subgroups.

3. A description follows of the report heading, columnar entries, line-item entries, and any special instruction for selected cells. The abbreviated title to appear in the data submission is shown in brackets.

B. REPORT HEADING

SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY _____ - TOTAL
TABLE IV - APPROVED ACQUISITION
OBJECTIVE AND RETENTION
As of _____, 19____
(dollars in thousands)

C. COLUMNAR ENTRIES

1. Column A, Matrix IV(A) - Requirements [Require / ments]. Column A shows the quantitative requirement for the element defined in the Line entry as of the cutoff.

2. Column A, Matrix IV(B) - Authorized Retention Limit [Author/Limit]. Column A shows the authorized retention limit for the element defined in the line entry. With the exception of the economic retention limits, the authorized limit is not greater than the stratified assets.

3. Column B - Retail Assets [Retail / Assets]. Column B shows the serviceable and unserviceable on-hand assets and the assets in transit (due in) from the wholesale level of supply as of the cutoff. Retail assets are applied against retail war reserve requirements and then retail peacetime requirements; after that, any unapplied retail assets are applied against wholesale requirements .

WHOLESALE ASSETS (COLUMNS C
THROUGH I)

4. column c - Serviceable On-Hand Assets [Serv. / On Hand]. Column C shows the serviceable assets on hand at the wholesale level of supply in Condition Codes A, B, C, or D and Condition Code J, K, L, or O assets not exempted by Table 1-3 as of the cutoff.

5. Column D - Due In Other [Due In / Other]. Column D shows the serviceable assets due in (same condition codes as in Column C) to the wholesale level of supply from sources other than procurement or maintenance as of the cutoff date. This element includes all assets due in from field returns, disassembly of sets, kits and outfits, fabrication of items, and return of loans.

6. Column E - Unserviceable On Hand: Inducted [Unserv. On Hand: / Inducted]. Column E shows the quantities of unserviceable assets on hand that are recorded in the accountable records in Condition Code M (include Condition Code G

if funds have been obligated) and those quantities due-in from contractor maintenance and recorded in the due-in file as a DIC "DFM" as of the cutoff.

7. Column F - Unserviceable On Hand: Not Inducted [Unserv. On Hand: / Not Ind.]. Column F shows the quantity of unserviceable assets on hand in Condition Code F (include Condition Code G if funds have not been obligated) as of the cutoff .

8. Column G - Unserviceable Returns [Unserv. / Returns]. Column G displays firm due in (intransit) as of the cutoff and/or the forecast of unserviceable returns for the balance of the CY and the forecast of unserviceable returns for the AY and BY.

9. Column H - On-Order: Contract [On Order: Contract]. Column H shows the quantity of assets due in from procurement for which funds have been obligated and not disbursed as of the cutoff. The column includes assets in a suspended stage because of legal consideration (e.g. , strikes, defaults, and suspended contracts) .

10. Column I - On Order: Commitment [On Order: / Commit]. Column I shows the quantity of assets due in from procurement for which a procurement request has been initiated at the item's reorder or buy point and a contract not yet awarded as of the cutoff. It does NOT include precommitment and planning procurement requests initiated

before the item reaches the reorder point.

11. Column J, Matrix IV(A) - Deficit [Deficit]. Column J shows the quantity of an item's requirement from Column A that exceeds the sum of the assets in Columns B through I.

12. Column J, Matrix IV(B) - Under Authorized Retention Limit [Under/limit]. Column J shows the quantity of an item's authorized retention limit that exceed the sum of the assets in Column B through I. This entry is limited to Lines 19, 20, and 22.

D. LINE ENTRIES

1. Assets, Line 1 - Net Available Assets (for stratification) [Net Assets]. Line 1 net available assets is the difference between the gross assets on Line 1, Matrix I(B) and the assets on Lines 2, 3 and 4, Matrix I(B). These entries are the same as Line 5, Matrix I(B) for all columns except G. Column G is the sum of Line 5, Column H, of Matrices IB, IC, and ID. Returns will not be applied to requirements before the year in which they are forecast to be received; i.e., FYI returns apply to any requirement; FY2 return apply to FY2 dues out, obligations, and subsequent requirements; and FY3 return apply to FY3 dues out, obligations, and subsequent requirements.

2. Requirements

a. War Reserve Requirements

(1) Line 2 - Protected War Reserve Requirement [Protected]. Line 2 is the same as Line 6a plus 6b(1), Matrix I(D).

(2) Line 3 - Non-Protected War Reserves [Non-Protected]. Line 3 is the same as Line 6b(2), Matrix I(D).

b. Retail Requirements

(1) Line 4 - Retail Peacetime Requisitioning Objective [Retail/Objective]. Line 4 is the sum of Lines 7 through 14, of Matrix I(D).

c. Wholesale Requirements

(1) Line 5 - Due Out [Due out]. Line 5 is the same as Line 17, Matrix I(B).

(2) Line 6 - Total Demands, Fiscal Year 1 (Forecast of Demands) [Total Demands, FY1]. Line 6 is the same as Line 18, Matrix I(B).

(3) Line 7 - Total Demands, Fiscal Year 2 (Forecast of demands) [Total Demands, FY2]. Line 7 is the same as Line 18, Matrix I(C).

(4) Line 8 - Total Demands, Fiscal Year 3 (Forecast of demands) [Total Demands, FY3]. Line 8 is the same as Line 18, Table I(D).

(5) Line 9 - Safety Level Total, [Safety Level] .
Line 9 is the same as Line 19, Matrix I(D) .

(6) Line 10 - Insurance Objective [Insurance Objective] . Line 10 is the same as Line 20, Matrix I(D).

(7) Line 11 - Life-of-Type Objective [L-O-T Objective] . Line 11 is the same as Line 21, Matrix I(D) .

(8) Line 12 - Repair Cycle Level Total [Repair Cycle Level] . Line 12 is the same as Line 22, Matrix I(D).

(9) Line 13 - Production Leadtime Level [PLT Level] . Line 13 is the same as Line 23, Matrix I(D).

(10) Line 14 - Administrative Leadtime Level [ALT Level] . Line 14 is the same as Line 24, Matrix I(D) .

(11) Line 15 - Procurement/Economic Order Quantity [Procurement/EOQ Level] . Line 15 is the same as Line 25, Matrix I(D) .

(12) Line 16 - Balance War Reserve [Bal WR] . Line 16 is the war reserve requirement that has not been acquired or funded. It is the same as the entry on Line 21, Matrix III.

(13) Line 17 - Approved Acquisition Objective [App. Acquisition Obj] . Line 17 shows the maximum quantity authorized to be on hand. This entry is the sum of Lines 2

through 16 for Columns A through J.

(8) Line 18 - Assets Beyond the AAO [Assets Beyond AAO] . Line 18 is the result of line 1 minus line 17. It reflects those assets that are not forecast to be used in the budget period.

3. Retention

a. Line 19 - Retail Retention Limit [Retail Retention] . Line 19 shows the limit authorized by the Military Services in accordance with DoD 4140.1-R, Chapter 4.B.

b. Line 20 - Economic Retention Limit (ERL) [Economic Retention] . Line 20 shows the assets on hand above the approved acquisition objective that are determined to be more economical to retain for future peacetime issues instead of replacement of future issues by procurement. This is equal to the ERL minus the retail retention limit on line 19 above. It is also the sum of lines 20a and 20b. Requirements shall not exceed the stratified assets .

(1) Line 20a - General [General Econ. Ret.] . Line 20a shows the assets, except EOQ additive assets, authorized to be retained based on economics and reasonably predictable demands.

(2) Line 20b - EOQ Additive [EOQ Additive] . Line 20b shows the assets bought due to a quantity discount or other

economic conditions above the normal EOQ quantity.

c. Line 21 - Contingency Retention Limit [Contingency Retention.]. Line 21 shows the assets authorized to be retained above the ERL for which there is no predictable demand or peacetime requirement, but for which use in specific contingencies justifies retention. Requirements shall not exceed stratified assets. Line 21 is the sum of lines 21a through 21c.

(1) Line 21a - Foreign Military Demand [FMS Demands]. Line 21a shows the portion of the total contingency retention limit based on expectation of foreign military demands not covered by cooperative logistics agreements.

(2) Line 21b - General Contingency [General Cont. Ret.]. Line 21b shows the portion of the total contingency retention limit based on nonmilitary contingencies such as civil emergencies and natural disasters.

(4) Line 21c - Unforecastable Demand [Unforecast Dmd]. Line 21c shows the portion of the total contingency retention limit based the inability to establish accurate demand patterns (specifically inactive items).

d. Line 22 - Total Retention Limit [Total Retention]. Line 22 is the sum of Lines 19, 20 and 21.

e. Line 23 - Potential Reutilization/Disposal [Potential Reutilization]. Line 23 is the difference between Line 18 and Line 22 (Line 18 minus Line 22). These assets have been identified as being available for reutilization within the component or for transfer to the Defense Reutilization and Marketing Service for reutilization by another Component or governmental agency or sale to the public.

E. MATRIX IV EXAMPLE

1. The following page contains an example of the matrix described in this chapter.

2. The codes for the matrix are as follows:

- M Mandatory entry
- x Mandatory entry once the data is available in the automated systems. Until that time, this is an optional entry.

				SECONDARY ITEM STRATIFICATION						
				BUDGET PROJECT _____ - TOTAL						
			TABLE IV - ACQUISITION OBJECTIVE AND RETENTION LIMITS							
			As of _____ _ 19_ - (Dollars in Thousands)							
	A	B	c	D	E	F	G	H	I	J
	REQUIRE	RETAIL	SERV.	DUE-IN	UNSERV	ON-HAND	UNSERV	ON-ORDER		
ASSETS/ADJUSTMENTS	MENTS	AssETs	ON-HAND	OTHER	INDUCT	NOT IND	RETURN	CONTRACT	COMMIT.	DEFICIT
1. Net Assets	x	x	x	x	x	x	x	x	x	
A. ACQUISITION OBJECTIVE										
WAR RESERVE REQUIREMENTS										
2. protected	x	x	x	x	x	x	x	x	x	x
3. Non-Protected										
RETAIL REQUIREMENTS										
4. Retail Peacetime RO	x	x								x
WHOLESALE REQUIREMENTS										
5. Dues Out	x		x	x	x	x	x	x	x	x
6. Total Demand, CY	x		x	x	x	x	x	x	x	x
7. Total Demand, AY	x		x	x	x	x	x	x	x	x
8. Total Demand, BY	x		x	x	x	x	x	x	x	x
9. Safety Level	x		x	x	x	x	x	x	x	x
10. Insurance Objective	x		x	x	x	x	x	x	x	x
11. LO-T Objective	x		x	x	x	x	x	x	x	x
12. Repair Cycle Level	x		x	x	x	x	x	x	x	x
13. Production LT Level	x		x	x	x	x	x	x	x	x
14. Admin LT Level	x		x	x	x	x	x	x	x	x
15. Procurement/EOQ	x		x	x	x	x	x	x	x	x
16. Balance War Reserve	x		x	x	x	x	x	x	x	x
17. App Acquisition Obj	x	x	x	x	x	x	x	x	x	x
18. Assets Beyond AAO		x	x	x	x	x	x	x	x	
	AUTHOR	RETAIL	SERV.	DUE-IN	UNSERV	ON-HAND:	UNSERV.	ON-ORDER		UNDER
	LIMITS	AssETs	ON-HAND	OTHER	INDUCT	NOT IND	RETURNS	CONTRACT	COMMIT.	LIMIT
B. RETENTION LIMITS										
19. Retail Reten. Limit	x	x								x
Wholesale Retention Limits										
20. Economic Retention	x		x	x	x	x	x	x	x	x
a. General Econ Ret	x		x	x	x	x	x	x	x	
c. EOQ Additive	x		x	x	x	x	x	x	x	
21. Contingency Retention	x		x	x	x	x	x			
a. FMS Demands	x		x	x	x	x	x			
b. General Cont. Ret	x		x	x	x	x	x			
d. Unforecast DMD	x		x	x	x	x	x			
22. Total Retention	x	x	x	x	x	x	x	x	x	x
23. Potential Reutilization		x	x	x	x	x	x	x	x	